

**Supplemental Reporting Document  
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May 2006 Investment Committee Meeting  
(March 2006 Reporting Period)**

**Quarterly Reports**

Member Home Loan Program

Proxy Voting



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May 15, 2006

**SUPPLEMENTAL ITEM**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT:** Member Home Loan Quarterly Performance Report
- II. PROGRAM:** Member Home Loan Program (MHLP)
- III. RECOMMENDATION:** Information only
- IV. ANALYSIS:**

For the quarter ended March 31, 2005, the CalPERS Member Home Loan Program purchased approximately \$50.1 million of FNMA and GNMA securities. This represents a 68.8 percent decrease in these mortgage-backed securities purchased from the previous quarter total of \$160.7 million.

During this same period, the CalPERS Member Home Loan Program also purchased \$9.2 million of whole (jumbo) loans. This represents a 59.3 percent decrease of whole loans purchased from the previous quarter total of \$22.6 million.

For the 12 month period April 1, 2005 through March 31, 2006, the Member Home Loan Program purchased approximately 2,810 real estate loans totaling \$602.8 million.

**V. STRATEGIC PLAN:**

This item is consistent with Goal V: Provide sustainable pension benefit products and services responsive to and valued by members, employers and stakeholders.

**VI. RESULTS/COSTS:**

Attachment 1 is the quarterly report prepared by CitiMortgage.

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Mark Yelavich  
Investment Officer

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Arnold B. Phillips  
Senior Portfolio Manager

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Curtis D. Ishii  
Senior Investment Officer

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Anne Stausboll  
Interim Chief Investment Officer

# *CalPERS Member Home Loan Program*



## *Quarterly Update Report as of March 31, 2006*

Presented by:



Manager of the CalPERS  
Member Home Loan Program

# *CalPERS Member Home Loan Program*



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# CALPERS MEMBER HOME LOAN PROGRAM

## Informational Bulletin

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### *Highlights For The Quarter Ending 3/31/06*

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- **Program to Date**, CalPERS has purchased a total of 126,221 loans totaling \$19.808 billion dollars (figure does not include Personal Loans).
- **Purchases for the Quarter Ending 03/31/06**, were \$59,224 million dollars (figure includes Personal Loans). (see page 4).
- **Portfolio Holdings as of 03/31/06** were \$661.9 million dollars (see page 5).
- **Mortgage Loan Delinquencies (MBA vs. CalPERS) as of 12/31/05:**
  - Fannie Mae MBS Delinquencies increased by 1 bps
  - MBA delinquency statistics increased by 3 bps (No exposure to CalPERS, see page 6);
- **Whole Mortgage Loan Delinquencies as of 03/31/06** decreased by 18 bps. (CalPERS exposure see page 7).
- **Percentage of Personal Whole Loan Delinquency as of 03/31/06** decreased by 1.26% (see page 8).
- **Number of Lending Institutions participating in the MHLP** is 42 with a total of 599 branch locations statewide (see page 9).
- **CMI CalPERS Pipeline & Purchase Information for YTD ending 03/31/06:**

Committed not Purchased:	269	\$ 71,745,582	
Total Commitments Issued (YTD):	445	\$117,008,169	<b>Avg/month: \$39,002,723.00</b>
Total Purchased (YTD):	334	\$ 82,160,692	<b>Avg/month: \$27,386,897.33</b>
Purchase/Refinance Percentage (%):	30%/71%		

#### **Points of Interest - 1<sup>st</sup> Quarter, 2006**

Director-Sacramento Site, Angela Mia  
Customer Relations Supervisor, Bonnie McKee  
Communications Manager, Christine Schmidt

#### **Marketing/Lead Tracking Report (Top 5 categories)**

Agency Liaison Fair/Conference	471 leads	=	26.85% (of total leads)
Co-Worker Referral	331 leads	=	18.87%
Benefit Fair/Conf/Seminar	267 leads	=	15.80%
Paycheck Stuffer	251 leads	=	14.31%
Agency Publication	172 leads	=	9.806%

Total leads generated in 1<sup>st</sup> Quarter, 2006 = 1,754

#### **CalPERS Website Updates:**

The CalPERS Website was updated to reflect new assumptions being used in to calculate the APR's for the different interest rates.

#### **CalPERS Publications:**

The State Controller's office has set aside three distributions of payroll stuffers for the active state employees this year for MHLP. This payroll stuffer distribution is responsible for 2,097 leads (13.51% of total leads generated) for MHLP.

We have scheduled payroll stuffer distributions for 265K active state employees for March 1<sup>st</sup>, June 1<sup>st</sup> and October 1<sup>st</sup> 2006. This payroll stuffer distribution is responsible for 2,097 leads (13.51% of total leads generated) for MHLP. Lead goal (per each distribution) = 300; Lead referral goal = 75 (25%); Loan goal = 6 (8% conversion).

# **CALPERS MEMBER HOME LOAN PROGRAM**

## **Informational Bulletin**

### **CalPERS Market Strategy and Trainings:**

Mike Thompson (Northern CA Agency Liaison), Melissa Mark (Customer Relations Representative) and Bonnie McKee (Customer Relations Supervisor) began planning for the upcoming Retirement Events in May and June 2006. With the absence of our Southern CA Agency Liaison, Mike, Melissa and Bonnie will be covering most of the events along with some of our Preferred Loan Officers. At these events, we will be doing Home Loan Workshops to talk about the CalPERS MHLP 25<sup>th</sup> Anniversary and our new mortgage loan programs.

CSEA (California School Employees Association) has opened up several marketing avenues to the MHLP through the union and vendor relationships. Angela Mia (Director of the Sacramento Site) will be managing the relationship and strategizing with the CSEA contact to identify which marketing avenues available will be most beneficial to the Program.

We have begun preparation for the 25<sup>th</sup> Anniversary of MHLP in June. CalPERS has designed a custom logo for the anniversary, which will be added to existing marketing material alongside the CalPERS logo and on its own on various anniversary give-aways.

### **CalPERS Marketing Materials and Tools:**

We are in the process of updating the CalPERS MHLP brochure, which, in addition to featuring the 25<sup>th</sup> Anniversary logo, will include a quick reference chart of the products, their key features and the down payment and /or closing cost assistance products that can be used in conjunction.

A consumer flyer and articles are being developed for the InterestFirst Mortgage products

The Agency Liaison Home Loan Workshop was updated based on feedback from agencies and representatives to shift the focus from products to savings and protections of the program.

We are working on developing a new contact management database using MS Access for our Agency Liaisons and a census database for CA to help us establish a marketing plan for CA for next year. Both of these tools are going to immensely help our Agency Liaisons be more effective with their marketing. Full implementation is due early next year.

### **CalPERS Events:**

Our Northern CA Agency Liaison, Mike Thompson attended the CSEA Paraeducators Conference in March. A total of 272 leads were generated, which exceed the target goal by 20%.

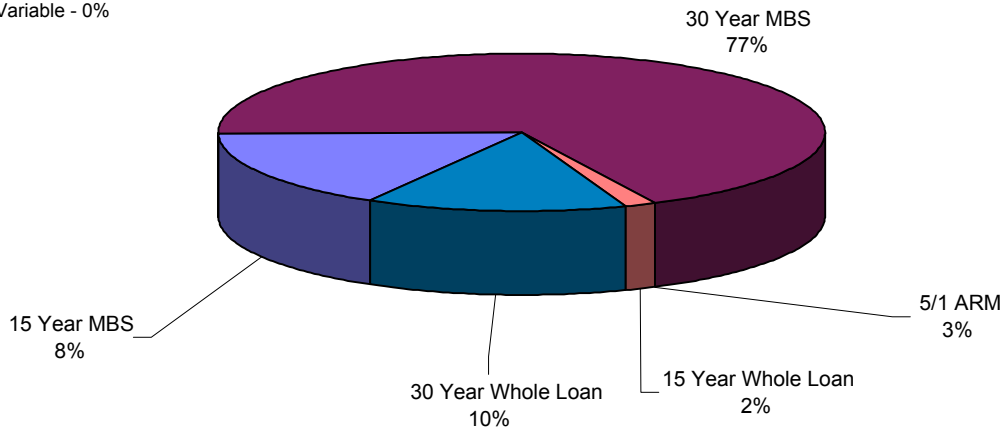
Mike and Tina Ferentz ( Southern CA Agency Liaison) also attended the CA Parks & Recreation Society Conference in March. The event was not as successful as was hoped for, as the lead generation goal of 500 fell short by 60%.

# CalPERS MEMBER HOME LOAN PROGRAM

## PURCHASES

FOR QTR ENDING 03/31/06

Personal Whole Loans - 0%  
GNMA fixed - 0%  
GNMA Variable - 0%



INVESTMENT TYPES	LOANS	AMOUNT PURCHASED	Weighted Avg. Coupon	Weighted Avg. Maturity (Mos.)
<b>FNMA Mortgage Backed Securities<sup>(1)</sup></b>				
15 Year	54	\$ 9,662,138.95	4.87%	175.57
30 Year	178	\$ 40,399,741.70	5.29%	354.74
<b>ARMs (all conforming)</b>				
<b>GNMA Mortgage Backed Securities<sup>(2)</sup></b>				
Fixed	0	0		
Variable	0	0		
<b>Whole Loans<sup>(3)</sup></b>				
15 Year	3	\$ 987,786.72	4.98%	173.01
30 Year (including ARMs)	21	\$ 8,174,633.99	5.44%	354.80
<b>Sub-Total</b>	<b>256</b>	<b>\$ 59,224,301.36</b>	<b>5.24%</b>	<b>322.49</b>
Personal Whole Loans	-	\$ -	0.00%	0.00
<b>GRAND TOTAL</b>	<b>256</b>	<b>\$ 59,224,301.36</b>	<b>5.24%</b>	<b>322.49</b>

<sup>(1)</sup> FNMA MBS

Servicing fees 25 basis points

<sup>(2)</sup> GNMA MBS

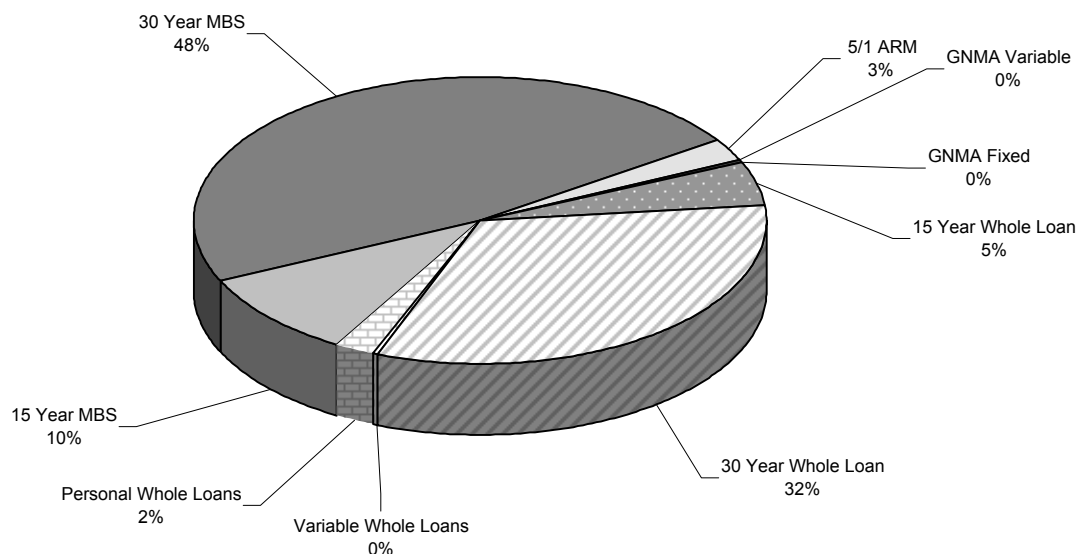
Servicing fees 19 basis points / 44 basis points  
Guaranty fees 6 basis points

<sup>(3)</sup> Whole Loans

Servicing fixed 25 basis points  
Servicing ARMS 37.5 basis points



**CalPERS MEMBER HOME LOAN PROGRAM**  
**PORTFOLIO HOLDINGS**  
**FOR QTR ENDING 03/31/06**



INVESTMENT TYPES	LOANS	PORTFOLIO BALANCE	Weighted Avg. Coupon	Weighted Avg. Maturity (Mos.)
<b>FNMA Mortgage Backed Security<sup>(2)*</sup></b>				
15 Year	656	\$ 64,715,738.24	4.69%	158.85
30 Year	1,896	\$ 313,787,869.76	4.87%	331.38
5/1 ARM	71	\$ 17,243,038.52	4.28%	345.59
<b>GNMA Mortgage Backed Security<sup>(3)</sup></b>				
Fixed	65	\$ 1,254,234.90	5.78%	324.96
ARMS	1	\$ 635,035.53	4.40%	266.78
<b>Whole Loans<sup>(4)</sup></b>				
15 Year	119	\$ 33,042,501.84	5.06%	145.49
30 Year	594	\$ 215,001,215.55	5.56%	326.60
Variable	3	\$ 666,015.04	5.05%	322.49
<b>Sub-Total</b>	<b>3,405</b>	<b>646,345,649.38</b>	<b>5.08%</b>	<b>303.31</b>
<b>Personal Whole Loans</b>	<b>2,765</b>	<b>\$ 15,559,297.11</b>	<b>6.85%</b>	<b>110.00</b>
<b>TOTAL *</b>	<b>6,170</b>	<b>\$ 661,904,946.49</b>	<b>5.12%</b>	<b>298.76</b>

<sup>(1)</sup>FNMA MBS

Servicing fees 25 basis points

<sup>(2)</sup>GNMA MBS

Servicing fees 19 basis points / 44 basis points  
Guaranty fees 6 basis points

<sup>(3)</sup> Whole Loans

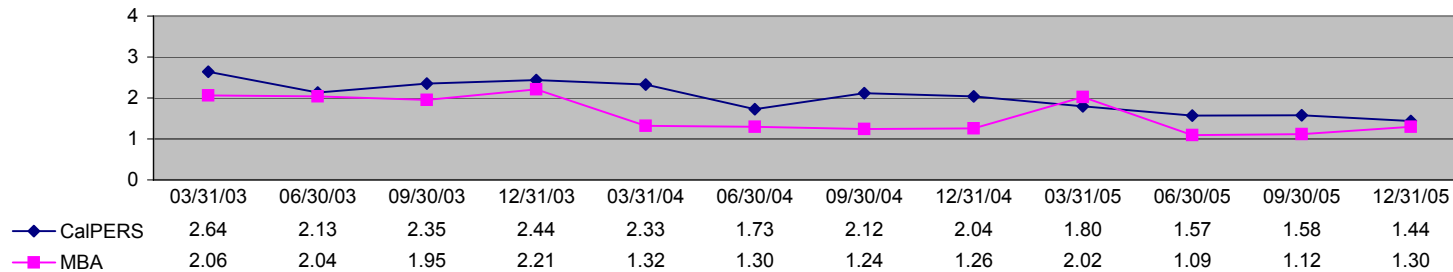
Servicing Fixed 25 basis points  
Servicing ARMS 37.5 basis points

\*There are several pools that the Manager is not servicing. These pools do not reflect in the Portfolio Holdings.

## DELINQUENCY REPORT

### CalPERS MBS vs.MBA Delinquency Statistics

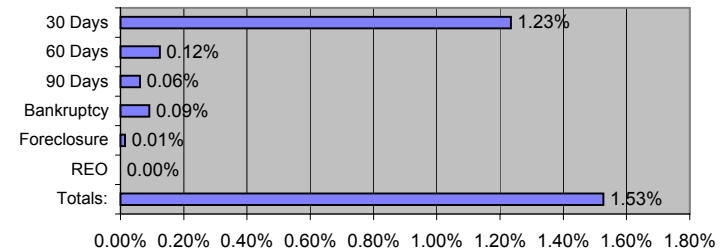
CalPERS FNMA MHL P MORTGAGE BACKED SECURITIES (MBS) VS. MORTGAGE BANKERS ASSOCIATION (MBA) % LOANS DELINQUENT



CalPERS FNMA MBS DELINQUENCY  
NUMBERS QTR ENDING 12/31/05

	# Loans	% Delinquent	UPB (\$)	% Delinquent
30 Days	338	1.23%	50,721,444.22	1.28%
60 Days	34	0.12%	4,736,917.87	0.12%
90 Days	17	0.06%	2,739,624.75	0.07%
Bankruptcy	25	0.09%	3,160,037.19	0.08%
Foreclosure	4	0.01%	836,768.60	0.02%
REO	0	0.00%	0.00	0.00%
Totals:	418	1.53%	62,194,792.63	1.57%
		#	\$	
<b>Total Portfolio</b>		<b>27,383</b>	<b>3,955,351,254.66</b>	
<b>Totals - BK and REO:</b>	<b>393</b>	<b>1.44%</b>	<b>59,034,755.44</b>	<b>1.49%</b>

CalPERS FNMA MBS % OF LOANS DELINQUENT QTR  
ENDING 12/31/05



Total Portfolio reflects total MHL P MBS outstanding principal balance regardless of CalPERS ownership of the MHL P MBS.

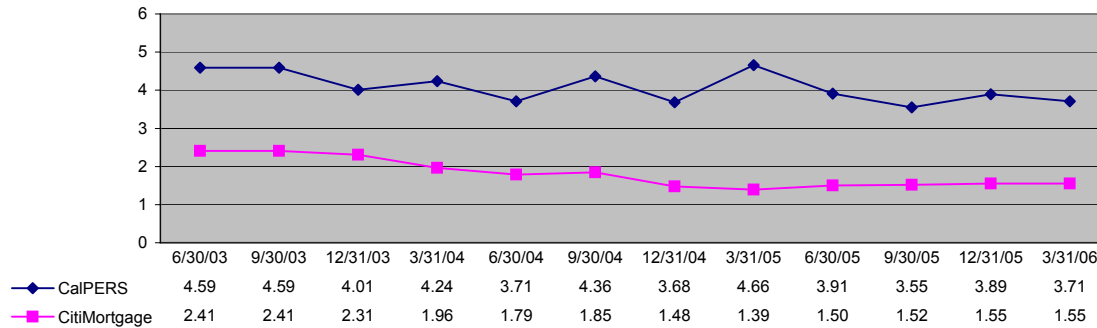
For all graphs above, percentages are based on loan count in order to calculate delinquency data consistent with the MBA. All numbers are rounded up.

MBA has no REO/Bankruptcy MHL P percentage will not reflect REO/Bankruptcy.

# DELINQUENCY REPORT

## CalPERS MHL P PARTICIPATION CERTIFICATES VS. CALIFORNIA JUMBO PORTFOLIO

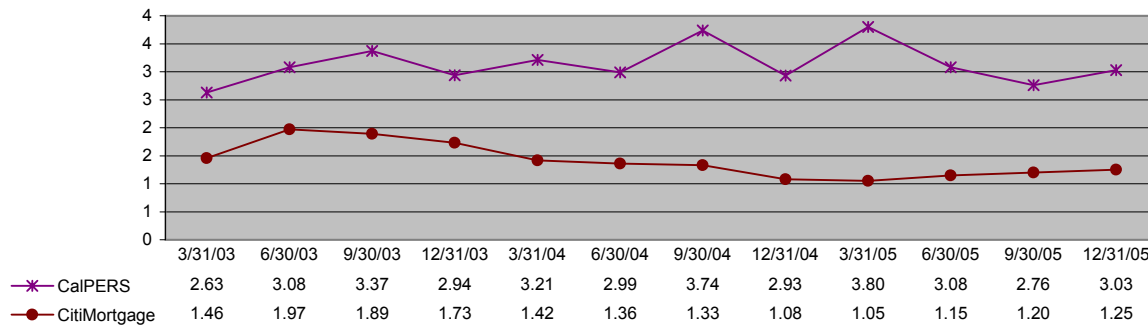
**% LOANS DELINQUENT FOR QUARTER ENDING 3/31/06**



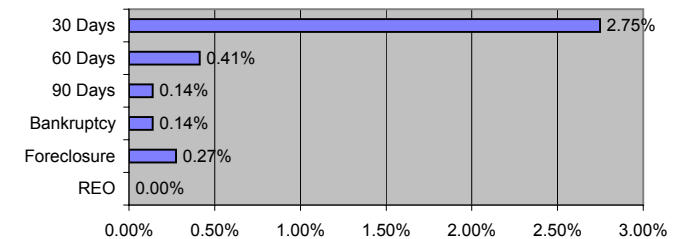
**CalPERS PARTICIPATION CERTIFICATES  
DELINQUENCY NUMBERS  
QUARTER ENDING 3/31/06**

	# Loans	% Delinquent	UPB (\$)	% Delinquent
30 Days	20	2.75%	4,513,031.88	1.79%
60 Days	3	0.41%	1,133,848.40	0.45%
90 Days	1	0.14%	309,219.10	0.12%
Bankruptcy	1	0.14%	227,325.89	0.09%
Foreclosure	2	0.27%	364,289.18	0.14%
REO	0	0.00%	0.00	0.00%
Totals:	27	3.71%	6,547,714.45	2.60%
<b>Total Portfolio</b>		<b>#</b>	<b>\$</b>	
		<b>728</b>	<b>252,164,721.13</b>	

**% \$UPB DELINQUENT FOR QUARTER ENDING 3/31/06**



**CALPERS PARTICIPATION CERTIFICATES % OF LOANS  
DELINQUENT QTR ENDING 03/31/06**

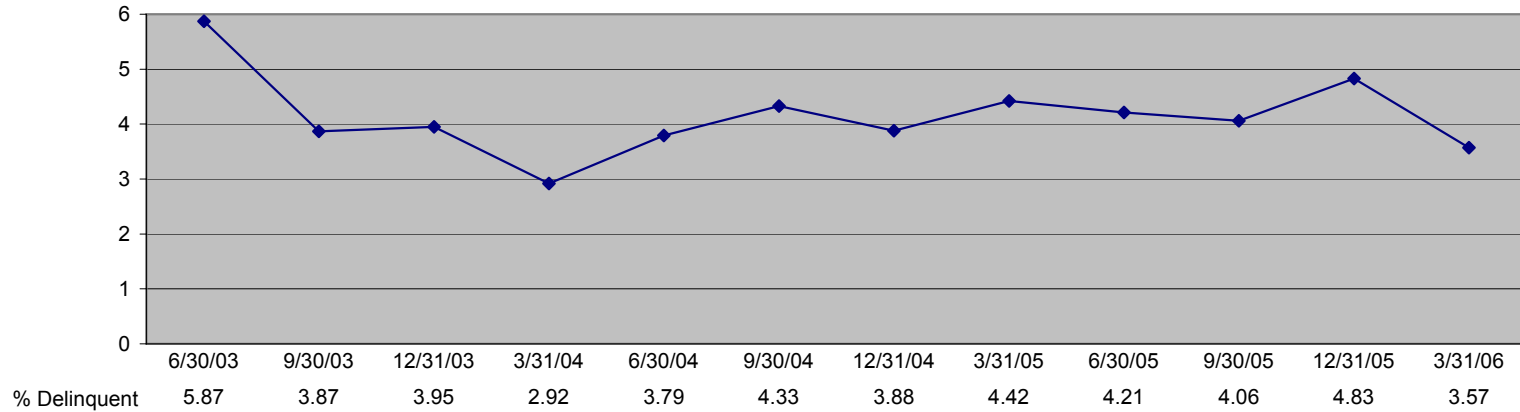


\*As of 9/30/03 Comparison is based on all CitiMortgage Jumbo Loans

## DELINQUENCY REPORT

### CalPERS Personal Loans

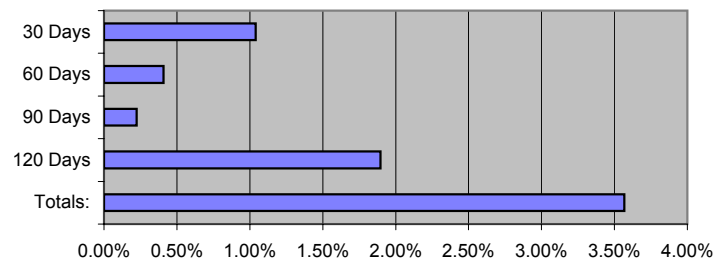
**% LOANS DELINQUENT FOR QUARTER ENDING 03/31/06**



**PERSONAL WHOLE LOANS  
DELINQUENCY NUMBERS  
QTR ENDING 03/31/06**

	# Loans	% Delinquent	UPB (\$)
30 Days	28	1.04%	130,305.05
60 Days	11	0.41%	70,240.67
90 Days	6	0.22%	33,533.29
120 Days	51	1.90%	189,956.39
<b>Total Delinquent</b>	<b>96</b>	<b>3.57%</b>	<b>424,035.40</b>
<b>Total Portfolio</b>	<b>2,691</b>	<b>\$15,116,136.29</b>	

**PERSONAL WHOLE LOANS  
% OF LOANS DELINQUENT  
QTR ENDING 03/31/06**



For all graphs above, percentages are based on loan count in order to calculate delinquency data consistent with the MBA.

Personal loans that have been called into default (program to date):		
number of loans:	555	\$ total: \$2,524,123.00

Personal loans that have been purchased by CalPERS (program to date):		
number of loans:	19,700	\$ total: \$145,638,649.00

## APPENDIX A

### **CalPERS MEMBER HOME LOAN PROGRAM PARTICIPATING LENDER LIST AS OF 03/31/06**

ALTURA CREDIT UNION  
AMERICAN HOME MORTGAGE  
ARROWHEAD CENTRAL CREDIT UNION  
BROADVIEW MORTGAGE COMPANY  
CENTRAL PACIFIC MORTGAGE CO.  
COUNTRYWIDE HOME LOANS, INC.  
CTX MORTGAGE COMPANY  
CU WEST MORTGAGE, INC.  
DHI MORTGAGE COMPANY, LTD.  
EAGLE HOME MORTGAGE, INC.  
FIRST BANK MORTGAGE  
FIRST HORIZON HOME LOAN CORPORATION  
FIRST MAGNUS FINANCIAL CORPORATION  
FIRST MORTGAGE CORPORATION  
FIRST NORTHERN BANK OF DIXON  
GATEWAY BUSINESS BANK  
GMAC MORTGAGE CORPORATION  
GOLDEN EMPIRE MORTGAGE, INC.  
GOLDEN STATE MORTGAGE TRUST, INC.  
GUILD MORTGAGE COMPANY  
HARBORSIDE FINANCIAL CORPORATION

K. HOVANIAN AMERICAN MORTGAGE  
MOUNTAIN WEST FINANCIAL, INC.  
NCMC A SUBSIDIARY OF NATIONAL CITY  
NEW CENTURY MORTGAGE CORPORATION  
PINNACLE FINANCIAL CORPORATION  
PROVIDENT MORTGAGE CORPORATION  
PROVIDENT SAVINGS BANK  
SANTA CLARA COUNTY FEDERAL CREDIT UNION  
SANTA CRUZ MORTGAGE COMPANY  
SCME MORTGAGE BANKERS, INC.  
SIERRA PACIFIC HOME LOANS  
SIERRA PACIFIC MORTGAGE COMPANY, INC.  
THE GOLDEN 1 CREDIT UNION  
THE MORTGAGE HOUSE, INC.  
U.S. FINANCIAL MORTGAGE CORPORATION  
UNITED PACIFIC MORTGAGE  
UNIVERSAL AMERICAN MORTGAGE COMPANY  
VITEK  
WELLS FARGO BANK  
WESTERN SIERRA NATIONAL BANK  
YOUNG MORTGAGE SERVICE CORPORATION

**TOTAL NUMBER OF LENDERS:**  
**TOTAL NUMBER OF BRANCHES:**

**42**  
**599**

## **APPENDIX B**

### **Qualifying Standards for CalPERS Participants**

- Audited financial statements, which usually report the performances of the past two years.
- The most update quarterly financial statements (unaudited interims)
- Quality control procedures
- FNMA approved with ID number (letter attached).
- Net worth of at least \$500,000 (based on audited financial statements).
- Has been in business for two years (based on audited financial statements).
- Has operated profitably for two years (based on audited financial statements).
- Approval from: RADIANT, GEMICO, UGIC, PMI, MGIC, RMIC, or TRIAD
- Certification of current Error & Omissions Insurance and Fidelity Bond Coverage (minimum coverage at least \$300,000 and current at time of review).

**For applicants requesting SERVICING RETAINED status:**

- The Applicant's delinquency and foreclosure ratios in California for the past three years are equal to or less than the average ratios for comparable institutions as reported by the MBA.
- Currently servicing a residential loan portfolio of at least \$300MM with the capacity of servicing FNMA MBS'.

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May 15, 2006

**SUPPLEMENTAL ITEM****TO: MEMBERS OF THE INVESTMENT COMMITTEE****I. SUBJECT:** Proxy Voting – Quarterly Report Results**II. PROGRAM:** Public Markets**III. RECOMMENDATION:** Consent Item**IV. ANALYSIS:**

On a quarterly basis, staff provides a report on CalPERS' proxy voting results to the Investment Committee. This agenda item provides detailed results on CalPERS' proxy votes for the period January 1, 2006 to March 31, 2006. Staff is delegated the authority and responsibility to execute all proxies and voting instructions in a manner that is consistent with the Board's Global Proxy Voting Principles.

The following table provides a summary of CalPERS' internal proxy voting results for the period. Staff continues to update this table to provide the Committee with a 5-quarter rolling analysis of CalPERS' proxy voting results.

<b>Period</b>	<b>Approximate Number of Meetings Voted</b>	<b>Approximate Number of Individual Items Voted</b>	<b>Number of Shareowner Proposals Voted</b>	<b>Percent of Shareowner Proposals Supported</b>
01/01/06 to 03/31/06	519	2699	55	63%
10/01/05 to 12/31/05	531	2614	31	87%
07/01/05 to 09/30/05	397	2100	16	68%
04/01/05 to 06/30/05	3274	20054	575	74%
01/01/05 to 03/31/05	660	2958	46	48%

**\*\*Source:** ProxyEdge

In addition to the summary above, we have prepared detailed reports of CalPERS' proxy votes cast during the period January 1, 2006 to March 31, 2006, as attachments for this item. Although the attachments are not included in the agenda materials due to their size, they may be requested through the Investment Committee Secretary.

**Attachment 1** contains the internal proxy voting decisions made in CalPERS' domestic portfolios and CalPERS' international portfolios, including staff's comments.

**Attachment 2** contains the proxy votes for the Small Cap Index Fund (SW9P) that were cast on behalf of CalPERS between January 1, 2006 to March 31, 2006. To support resource constraints, CalPERS hired Glass Lewis & Co. to vote the approximately 2500 proxies (per year) within the Small Cap Fund.

## **PROXY VOTING HIGHLIGHTS FOR THE DOMESTIC AND INTERNATIONAL PORTFOLIOS**

### **A. Domestic Proxy Voting**

A sampling of domestic proxy votes cast **against** management from January 1, 2006 to March 31, 2006 includes:

#### **1) Egregious executive compensation plans:**

<b>Company</b>	<b>Cost Analysis</b>	<b>Additional Factors <sup>(5)</sup></b>
Walgreen Co. 1/11/06	The cost of the plan compared to the financial performance of the company was outside one standard deviation when compared to similar plans. <sup>(4)</sup>	Vesting is less than four years and a significant portion of equity grants are not performance based.
Ameritrade Holding Corp. 1/04/06	The plan allows reload stock options.	The plan permits repricing without shareowner approval.
Jabil Circuit Inc. 1/20/06	Shareholder Value Transfer <sup>(1)</sup> : 12.42%, Allowable Cap <sup>(2)</sup> : 10.52%, and Voting Power Dilution <sup>(3)</sup> : 13.92%	The plan does not contain a significant portion of performance-based grants.
Quiksilver Inc. 3/24/06	Shareholder Value Transfer <sup>(1)</sup> : 11.24%, Allowable Cap <sup>(2)</sup> : 10.00%, and Voting Power Dilution <sup>(3)</sup> : 11.84%	The plan does not contain a significant portion of performance-based grants.



- 1) Shareholder Value Transfer - Dollar cost to the company of all stock option plans as participants exercise awards expressed as a percent of market value. Source: Institutional Shareholder Services.
- 2) Allowable Cap - Based on benchmark shareholder value transfer levels for the company's industry, expressed on a percent of market value. Source: Institutional Shareholder Services.
- 3) Voting Power Dilution - Share allocation from all stock option plans as a percent of share allocation plus shares outstanding. Source: Institutional Shareholder Services.
- 4) Glass Lewis & Co. evaluates equity-based plans using twenty different analyses, comparing the program with both absolute limits and a carefully chosen peer group. The model seeks to determine if the proposed plan is either more than one standard deviation away from the average plan for the peer group, on a range of criteria, or exceeds one of the absolute limits.
- 5) At the June 16, 2003 meeting, the CalPERS Board of Directors approved additional policy issues to be applied to voting in relation to compensation plans.

## 2) Shareowner proposals:

CalPERS voted **in favor** of the following shareowner proposals:

Company	Meeting	Proposal	Reason
Costco Corp.	1/25/06	Repeal Classified Board	CalPERS believes annual elections foster accountability.
Becton Dickinson & Co.	1/31/06	Request Environmental Reporting	CalPERS believes this will not pose long-term harm to the company.
Emerson Electric Co.	2/7/06	Shareowner proposal regarding Severance Agreements	CalPERS supports asking companies to seek shareowner approval on executive compensation policies.
Analog Devices Inc.	3/14/06	Majority Vote in Director Elections	CalPERS is a firm supporter of greater director accountability.
Lennar Corp.	3/30/06	Performance-Based Options	CalPERS is a firm supporter of performance-based compensation.

CalPERS voted **against** the following shareowner proposals:

Company	Meeting	Proposal	Reason
Lucent Technologies Inc.	2/15/06	Disclose political contributions in newspapers	CalPERS believes the forum for disclosure should be at the discretion of the company.

### 3) Proxy Contests

There were no significant proxy contests during the quarter.

### 4) Mergers

Target	Acquirer	Date	Vote	Rationale
Dex Media Inc.	R.H. Donnelley Corp.	1/23/06	For	CalPERS believes the merger makes economic sense because of the market premium offered and expected strategic synergies.
Alamosa Holdings	Sprint Nextel Corp.	1/27/06	For	CalPERS believes the merger makes economic sense because of the market premium offered and expected strategic synergies.

## 5) Website votes

The following is a sample of Website votes cast during the quarter:

Company/Date	Issue	Vote	Reason
BJ Services Co. 1/31/06	Increase Authorized Shares	Against	CalPERS believes the company currently has sufficient shares for business operations.
Emerson Electric Co. 2/7/06	Directors	Withhold vote from nominee A. Golden	Nominee is an affiliate that sits on the Nominating Committee.
International Game Technologies 3/7/06	Directors	Withhold vote from nominee R. Miller	Nominee is an affiliate that sits on the Compensation Committee.

## B. International Proxy Voting

A sampling of International proxy votes cast **against** management during the quarter:

Company	Country	Date	Issue	Reason
Accor SA	France	1/9/06	Approve stock option grants	The company has not disclosed adequate information for shareowner approval.
Barloworld LTD	South Africa	1/26/06	Approve stock option grant	The plan does not contain defined performance criteria.
Australian Wealth Management LTD	Australia	2/15/06	Approve option issuance	The plan does not contain any performance hurdles.

**V. STRATEGIC PLAN:**

This item is not a product of either the 2005-06 Strategic or Annual Plan.

**VI. RESULTS/COSTS:**

Costs associated with proxy voting are contained within the Investment Office budget. Total expenses related to proxy voting are approximately \$300,000 annually.

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Todd Mattley  
Investment Officer  
Corporate Governance

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Aeisha Mastagni  
Investment Officer  
Corporate Governance

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Dennis Johnson  
Senior Portfolio Manager  
Corporate Governance

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Christianna Wood  
Senior Investment Officer

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Anne Stausboll  
Interim Chief Investment Officer